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HOUSE BILL 3093 By
Rhinehart

SENATE BILL 3244
By Henry

AN ACT to amend Tennessee Code Annotated, Title 9, Chapters 3
and 21, relative to the disposition of proceeds.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 9-21-120, is hereby amended by
designating the existing language as subsection (a) and by adding the following language as
subsection (b):

The disposition of proceeds of all capital outlay notes issued prior to January 15,
1998 for school purposes by a county or metropolitan government which contains within
its boundaries a special school district and/or incorporated town or city maintaining a
public school system separate from the county or metropolitan government public school
system is hereby declared to be valid and legally binding, unless proceedings which
challenge the disposition of such proceeds have been instituted in any court in this state
prior to January 15, 1998.

SECTION 2. Tennessee Code Annotated, Title 9, Chapter 3, Part 1, is hereby amended
by adding the following as a new section:

(a) The proceeds from any obligation incurred by or for the benefit of a county or
metropolitan government for school capital outlay purposes shall be shared with
municipal and special school district systems within the county or metropolitan
government on the same basis provided under Title 49, Chapter 3, for the sharing of the

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proceeds of school bonds. The trustee of the county shall pay over to the treasurer of the municipality or special school district that amount of the funds which bear the same ratio to the entire amount of proceeds as the average daily attendance of the year ending June 30 immediately preceding the receipt of the proceeds of the respective municipality or special school district bears to the average daily attendance of the year ending June 30 immediately preceding the receipt of the proceeds of the entire county or metropolitan government.

(b) The governing body of such municipality or special school district may, by regularly adopted resolution, waive its right to all or a part of any funds due under the provision of this section and return the funds to the trustee of the county or metropolitan government for the purposes originally provided.

(c) The county or metropolitan government may elect to levy a tax for the payment of any obligation issued for school capital outlay purposes only upon that portion of the taxable property within the county which lies outside the territorial limits of the municipality or special school district within the county independently operating such schools in the county. If such tax is levied, the county is not required to share the proceeds from any obligation with the applicable municipality or special district, subsection (a) notwithstanding.

(d) The proceeds from any obligation to be shared under this act shall include, but is not limited to, all proceeds received from bonds, notes and loan agreements and the payments of obligations resulting from leases, lease purchase agreements, sales contracts, and operating contracts for school capital outlay purposes. The proceeds shall be shared at the time of issuance of the debt or execution of a contract.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.

